

**R590. Insurance, Administration.**

**R590-171. Surplus Lines Procedures Rule.**

**R590-171-3. Definitions.**

For the purpose of this rule the commissioner adopts the definitions as set forth in Section 31A-1-301 and in addition the following:

A. "Export list" means a list published by the commissioner of coverages and classes of insurance for which the commissioner has determined no general market exists with admitted insurers.

B. (a) "Exempt Commercial Purchaser" means any person purchasing commercial insurance from the surplus lines market that, at the time of placement, meets the following requirements:

(i) The person employs or retains a qualified risk manager to negotiate insurance coverage;

(ii) The person has paid aggregate nationwide commercial property and casualty insurance premiums in excess of \$100,000 in the immediately preceding 12 months; and

(iii) The person meets at least one of the following criteria:

(A) The person possesses a net worth in excess of \$20,000,000 as such amount is adjusted pursuant to Subsection (b);

(B) The person generates annual revenues in excess of \$50,000,000 as such amount is adjusted pursuant to Subsection (b);

(C) The person employs more than 500 full-time or full-time equivalent employees per individual insured or is a member of an affiliated group employing more than 1,000 employees in the aggregate;

(D) The person is a not-for-profit organization or public entity generating annual budgeted expenditures of at least \$30,000,000 as such amount is adjusted pursuant to Subsection (b); or

(E) The person is a municipality with a population in excess of 50,000 persons.

(b) Effective on January 1, ~~[2018]~~2015, and each fifth January occurring thereafter, the amounts in R590-171-3.B (a) (iii) (A), (B), and ~~[(C)]~~(D) shall be adjusted to reflect the percentage change for such 5-year period in the Consumer Price index for all Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor, 15 U.S.C. § 8206(5).

C. "Producer" means an insurance agent, broker or surplus lines broker as defined in Section 31A-1-301-88.

D. "Surplus lines producer" means a licensee as defined in Section 31A-23a-106(2) (a) (viii) to place insurance with surplus lines insurers in accordance with Section 31A-15-103 and this rule.

E. "Surplus lines insurer" means a nonadmitted insurer that may place business, pursuant to Title 31A, Chapter 15, Part 1 and this rule, with a surplus lines producer.

F. "Surplus lines transaction" means the solicitation, negotiation, procurement or effectuation with a surplus lines insurer of an insurance contract or certificate of insurance. It also means any renewal, cancellation, endorsement, audit, or other adjustment to the insurance contract.

**KEY: insurance**

**Date of Enactment or Last Substantive Amendment: ~~[2012]~~2013**

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31A-15-103; 31A-15-111